

WARNING-UNAPPROVED MINUTES

These minutes have not been reviewed or accepted by the RISLA Board of Directors. This draft is being supplied in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.

The 253rd meeting of the Rhode Island Student Loan Authority was held on **Friday, April 11, 2008** in the 2nd floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. Dr. Anthony Santoro called the meeting to order at 8:38 A.M.

Board Members in attendance:

Dr. Anthony Santoro
Dr. William Croasdale
Dr. Robert McKenna
Mr. Frank Caprio, General Treasurer

Board Members absent:

Mr. John Howell
Ms. Patti Doyle

Others in attendance:

Mr. Charles P. Kelley, Executive Director, RISLA
Mr. Noel Simpson, Chief Financial Officer, RISLA
Mr. Joseph Palumbo, General Counsel, RISLA
Mr. David Souto, COO, RISLA
Mr. Kevan McAleer, RISLA
Ms. Jennifer Dutch, RISLA
Ms. Lindie Thibodeau, RISLA
Ms. Gail Walker, RISLA
Ms. Gail Mance-Rios, RIHEAA
Ms. Nancy Dooley, RIHEAA
Ms. Meredith Holderbaum, Senate Fiscal Office
Ms. Susan Kiernan, Edwards Angell Palmer & Dodge
Mr. Xay Khamsyvoravong, Treasurer's Office
Mr. Daniel Calhoun, Treasurer's Office

Upon a motion by Dr. Croasdale and seconded by Dr. McKenna, the minutes from the 252nd meeting held on March 21, 2008 were unanimously approved.

Chairman's Report

Dr. Santoro deferred to Mr. Kelley

Executive Director's Report

Mr. Kelley announced that RISLA is now a lender for two new schools, Babson and the University of Hartford. Mr. Kelley stated that the challenges in the financial markets continue. He handed out an article from the current days Wall Street Journal titled "Credit Crunch Hits Private Student Loans." Dr. Croasdale stated that he saw an article on the front page of the Providence Business News that he thought was well done and wanted to bring it to the attention of the board members.

Mr. Kelley mentioned the auction rate securities are resetting around 2-3%, to which Mr. Caprio asked how often they reset. Mr. Simpson stated that they reset every 35 days and that RISLA has staggered resets throughout the month. Mr. Kelley commended the board on not waving the max rate. He also mentioned that there have been failed auctions each month. Dr. Croasdale asks if even those companies who chose to waive their max rate had failures. Mr. Kelley stated yes that they too have had failed auctions. Mr. Kelley went on to talk about the VRDN market. Currently RISLA is insured by Ambac on these securities and if they can drop the insurance the rates will most likely reset lower than the current rates. This will be the next project after completing the fixed rate financings.

At 8:46 Attorney Palumbo suggested the board entered into Executive Session, upon a motion from Dr. McKenna and seconded by Mr. Caprio, the board unanimously entered the session pursuant to RIGL 42-46-5§ (a)(7).

At 9:16 the Board reconvened from closed session. Upon a motion from Dr. McKenna and seconded by Mr. Caprio it was unanimously approved to keep the material discussed in closed session confidential. Upon a motion from Dr. Croasdale and seconded by both Dr. McKenna and Mr. Caprio it was unanimously approved to amend the 2008 Fixed Rate Series Bond Resolution to increase the capitalized interest on the Bonds to \$10,500,000 from \$10,000,000. Upon a motion by Dr. McKenna and seconded by Dr. Croasdale, it was unanimously approved to adopt the 2008 Fixed Rate Series Bond Resolution.

Action Item #7

Dr. Santoro asks what the costs and interest rates associated with the insured assets. Mr. Kelley stated that this resolution is preliminary of the restructure of the issues. Dr. Santoro asks if the insurance is eliminated will the cost associated also be eliminated. Ms. Kiernan states the resolution is for a part insurance and part letter of credit. The proposal is will be a direct pay letter of credit with State Street on the 1996 bond deal and Dexia would remain on the 1995 bond deal. Mr. Kelley indicated that Lee Donner from First Southwest suggested State Street, who is still performing due diligence and will be making a trip to visit RISLA to make final assessment. Ms. Kiernan suggests changing the language in section 2 of the 1996 resolution to either add "State Street Global Markets, LLC or Dexia will be selected as Credit Facility..." or to state the Chairman and Executive Director will make the selection. Dr. Santoro suggests changing the 1995 resolution in order to keep it consistent. The latter of the two is what the board suggests.

Upon a motion by Dr. McKenna and seconded by Dr. Croasdale, it was unanimously approved to amend both the 1995 & 1996 resolution to incorporate the above language into the resolution.

Upon a motion by Dr. McKenna and seconded by Mr. Caprio, it was unanimously approved to adopt the 1995 bond resolution.

Upon a motion by Dr. McKenna and seconded by Mr. Caprio, it was unanimously approved to adopt the 1996 bond resolution.

Action Item #8

Mr. Kelley stated that he was hoping to receive a number of proposals, but only got one, RISLA's current underwriter. RISLA technically received two proposals but RBC was unable to provide prices at this time. Mr. Kelley was disappointed with Bank of America, who sent a letter stating that there was too much going on at this time to submit a proposal, as well as UBS. Mr. Kelley indicated that Citi's prices had gone up, significantly. In the material in the board packet he used an average because fixed rate varies on the term of the structure. He recommends an adage that the agreement can be terminated within 30 days, and it's a mutual feeling between RISLA and Citi. Mr. Simpson stated that there is a fear they could leave the business. Upon a motion by Dr. McKenna and seconded by Dr. Croasdale, it was unanimously approved to accept Citi with an addendum to term in 30 days.

Action Items 9 & 10 were deferred to the next meeting.

Dr. Croasdale also deferred the CPC update to the next meeting.

Dr. Santoro stated that there wasn't a need for a financial markets update due to the discussions that took place throughout the meeting.

Mr. Kelley brought to the attention of the board that the CPC had been approved to use the NACAC seal.

ON MOTION by Mr. Caprio and seconded by Dr. McKenna it was unanimously voted to adjourn.

The meeting was adjourned at 9:43.